

## MEMORANDUM

**TO:** Audit Committee  
Jon Strinden  
Ron Leingang

**FROM:** Jamie Kinsella, Internal Auditor

**DATE:** December 7, 2005

**SUBJECT:** **August 24, 2005 Audit Committee Meeting**

In Attendance:  
Jon Strinden via conference call  
Ron Leingang  
Jamie Kinsella  
Sparb Collins  
Leon Heick

The meeting was called to order at 10:35 a.m.

### **I. May 18, 2005 Audit Committee Minutes**

The audit committee minutes were examined and approved by the Audit Committee.

### **II. Internal Audit Quarterly Report**

The internal audit quarterly report was included with the audit committee materials. In addition, an updated Goals and Objectives Report summarizing the status as of the end of the last quarter was included with the audit committee materials. Mr. Leingang inquired about the estimated completion dates for projects. Mr. Collins explained that this year there is a new report for Special and Periodic projects that provides an estimated target date for each project. A copy was provided after the meeting. Mr. Strinden inquired if there were any problems encountered this quarter. Ms. Kinsella conveyed there were not any.

### **III. Administrative**

A Quarterly Audit Finding Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit findings of the external auditors, as well as any found by the internal auditor. This report includes the recommendations made by Eide Bailly during the 2004 fiscal year end audit. Findings by Internal Audit are included after the final audit report has been issued to management that includes responses to the findings. A copy of the report was included with the audit committee materials. Ms. Kinsella indicated that the last 2

completed audit findings were not included on this report. Ms. Kinsella conveyed she will be revising the report and will send the revised copy this week.

- B. Conflict of Interest Policy Review – Ms. Allen was notified of the audit committee's request for management's review of staff's outside employment and management's determination whether there was a conflict of interest. Ms. Allen and Mr. Collins are working on the policy and will report back at the next meeting.
- C. Audit Committee Charter Revision – Ms. Kinsella indicated it is time to review the Internal Audit Charter. Included in the audit committee materials was the background of the charter and process. Also included with the audit committee materials were the proposed revisions and additions to the Internal Audit Charter. Discussion followed. Mr. Leingang suggested that staff determine if the audit committee is authorized to approve this or if the Board needs to approve it. Ms. Kinsella conveyed she will research this and report back to the audit committee in November.
- D. Performance Evaluation – The annual evaluation for Ms. Kinsella was completed in June 2005.
- E. Audit Committee Charter Matrix Review – At the last meeting staff provided the audit committee with an example of a matrix that could be used to evaluate the audit committee's performance in meeting their objectives. Ms. Kinsella indicated as she reviewed this matrix, she had additional questions on how it would be used. Discussion followed. The audit committee approved receiving the report on a calendar year basis and in a report format that would be provided to the Board.

#### **IV. Miscellaneous**

- A. November 2005 Audit Committee Meeting Date and Time – Discussion was held on the proposed meeting date in November. Ms. Kinsella will send a memo to everyone to check on potential dates available. A follow-up memo will be sent to audit committee members with the scheduled meeting date and time.
- B. Eide Bailly's Audit Update – Eide Bailly was in the office June 6-10 to conduct their preliminary audit work. They will be back in the office August 29 through September 9 for field work. They will present their audit report at the November audit committee meeting. Mr. Collins indicated that the auditors are all new again this year. Discussion followed. It was noted that the contract is in its third year and will be resubmitted for bid early spring 2006.
- C. Internal Auditor I – Ms. Kinsella introduced Mr. Leon Heick, new staff member to the Internal Audit Division. Mr. Heick began employment on June 1, 2005.
- C. Tone at the Top – A copy of the June 2005 issue of Tone at the Top was included in the audit committee materials for information only. Mr. Leingang inquired whether the audit committee should look into having a policy. Discussion followed. Staff will look into this and report back at the next meeting.

The meeting adjourned at 11:15 a.m.